

# Significance of Trends on Enrolment, Budget and Actual Expenditure in the Examination of Higher Education Financing in Tanzania

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## Abstract

Financing of higher education in Tanzania is considered a crucial factor in realizing the country's development vision. It is for these reasons that Tanzania has been financing its higher education since its inception. Diminishing resource capacity and competing interests for government finance plunged the higher education into financial doldrums. As a result, the higher education sector was compelled to manouvre through various sources of financing in order to remain relevant to its role in economic development. The efforts to remain relevant are depicted as the significance of the trends of financing higher education. This study attempted to examine the significance of the trends of enrollment, budget and actual expenditure in Higher Education in Tanzania to sustainable human capital investment from 2005 to 2015. Secondary data were collected from the Ministry of Education and Vocational Training (MoEVT) budgets from 2005 to 2015 from which trends of enrollment, budgeting and actual expenditure were analyzed. The findings indicated an upward trend on both enrolment and financing of the education sector from 2005 to 2015. The trends were still very low when compared with neighbouring countries. A huge funding chasm still exists in the budgets of the education Sector. The challenge lies on how to bridge the gap. The study suggested that the government diversified sources of financing the higher education, away from the traditional thinking.

**Keywords:** Higher Education, Trends, Cost-Sharing, Budget, Tanzania

## 1. Introduction

Although neglected in the earlier years of independence as an important aspect of development; higher education contribution to development is immeasurable. In fact, it has been established that there is a direct correlation between higher education and development (Luhanga, 2003). However, the speed at which development takes place varies with country (Ibid.) According to Altibach (2007), universities are considered (to be) engines of the post industrial age and of the knowledge economy. The prime role of the university is multifaceted. While it aims at creating a quality population with variegates skills, the end result is economic development. This is to say, university education and economic development are inextricably linked (Makulilo, 2012).

Tanzania has instituted a development vision dubbed Vision 2025, which stipulates, among other things, that by the year 2025, Tanzania should have a well-educated and learning society, peace, stability and unity good governance, competitive economy capable of producing sustainable growth and shared benefits and high quality livelihood. In order to meet all these, the vision affirms that higher education is the only driver. (URT, 1999)

The expansion of secondary education in Tanzania has had a significant contribution to the increase in Higher Education Institutions. Currently there are about 70 higher education institutions throughout the country. This increase is promising on the one hand, as more students would have access into higher education, but on the other hand, the trend had already brought other concerns for quality (ie programs, teaching staff) and how to mobilize financial input to sustain such huge growth of students.

These developments are in tandem with the phases of financing higher education though which Tanzania has passed. These trends have been congruent with the social economic trends that this country passed through. According to Galabawa (1994), who quotes Zylerman (1973), there are three approaches to funding and providing of education. These approaches may be located in a continuum with two extreme end points. One extreme end of the continuum represents the first approach, which involves total central government control, provision and financing of education. This approach is popular in centralized economies where most if not all education services, have been nationalized.

At the other extreme end of the continuum is the second approach which involves total private control, provision

and financing of education. This approach is opposed to the first one as it views education as a commodity whose amount can be purchased depending on individual's preferences and ability to pay. It is assumed that parents must be left free to choose the best education for their children (Ibid.)

The third approach combines market provision of education through government and private financing. Under this arrangement, individual preferences are given first priority and then follows society's preferences. The responsibility of the government is to help individuals to air their preferences in the market. As the market is ranked first in this approach, the government is supposed to give subsidies to individuals so that they can be able to purchase education.

For the case of Tanzania, higher education has been mainly public in ownership, which implies that the expenses for higher education, including students living costs, were financed entirely by the public budget. The micro-economic policies, which came up with SAPs in the 1980s, impacted negatively on the higher education to further marginalize it. The policies emphasized the allocation of resources should be on productive and economic enterprises leaving the whole education sector underfunded.

## 2. Statement of the Problem

Two explanations have been given on the "remarkable increase in the participation in higher education in Tanzania. In the case of the former, Greenway and Haynes (2004) suggest this was partly demand-driven, with key features being increase in female participation and increasing private rates of return to the first degree. On the other hand, they observe, it was also a supply-driven, with policy initiatives to increase the number of universities and increase publicly funded places to support development of the "knowledge-based economy".

One truth still lingers on –governments have been less capable of financing higher education expansion owing to increased competition for public goods.

Education is a deciding factor for the personal growth and the nation. So, to get the quality education and to easy access to employment opportunity is every student's aspiration. The nation's responsibility is to serve the society in order to uplift them. The present competitive world is not so easy to give all equal and quality education for the population. This study was conducted in order to examine the significance of the trends of enrollment, budget and actual expenditure in Higher Education in Tanzania to sustainable human capital investment

## 3. Research Objective

i) The key objective of this study was to examine the significance of the trends of enrollment, budget and actual expenditure in Higher Education in Tanzania to sustainable human capital investment. In order to address this, the following specific objectives were formulated:

1. To examine the trend of enrollment in higher education in Tanzania,
2. To examine the trend of budget fluctuation in financing higher education and
3. To examine the actual education expenditure as a proportion of GDP in Tanzania.

## 4. Research Question

The main research question for this study was: *what is the significance of the trends of enrollment, budget and actual expenditure in Higher Education in Tanzania to sustainable human capital investment?* The following sub-research questions were used in order to address the main research question:

1. What is the trend of enrollment in higher education in Tanzania?
2. What is the trend of budget fluctuation in financing higher education? And,
3. What is the trend of actual education expenditure as a proportion of GDP in Tanzania?

## 5. Significance of the Study

This study is significant to the discipline of Educational Economics and Management of higher education because it examined, critically, the significance of trends in financing higher education. Unlike other areas, trends of financing higher education have not received enough academic attention. This study is one attempt towards that direction. By breaking the financing of higher education into trends, the study paints a clearer picture of financing higher education in Tanzania, which also serves as a launching pad for advice to policy makers regarding sustainable human capital investment. Although there had been no concrete study on the significance of trends in financing higher education, this study identifies the pros and cons of financing higher education and proceeds to recommend necessary action. In so doing, the study has also opened a new avenue of

research in the discipline of Educational Economics and Management by looking at the significance of trends in higher education financing. Further studies now have a base for follow up. The findings of this study will contribute vital knowledge on how the government should finance higher education efficiently and successfully. Moreover, study will serve as a guiding tool financing higher education in Tanzania, and other developing countries.

## 6. Literature Review

In most countries, higher education has become a large, complex enterprise. Perhaps most important is the fact that postsecondary education is recognized as a central element in modern society. Universities are considered engines of the post industrial age and of the knowledge economy (Altibach, 2007). The Prime role of university is multifaceted. While it aims at creating a quality population with variegates skills, the end result is economic development. This is to say, university education and economic development are inextricably linked (Makulilo, 2012). Schultz (1981) observes “the acquired abilities of people—their education, experience, skills and health—are basic in achieving economic progress. In the same line of thinking, higher education has become big business. Academic institutions employ thousands of people and educate tens of thousands—or in some cases hundreds of thousands.

Elsewhere, as Trow (2006) observes, the growth and necessity of the university has been phenomenal. He notes that the World War II was the watershed event for higher education in modern democratic societies where great social and political changes arising out of the successful war against Fascism created a growing demand in European and American economies for increasing numbers of graduates with more than secondary school education. And the demand that rose in those societies for entry to higher education extended to groups and strata that had not thought of or attended a university before the war. These demands resulted in a very rapid expansion of the systems of higher education, beginning in the 1960s and developing very rapidly (though unevenly) during the 1970s and 1980s.

Developing countries lag behind, and the main growth in the coming decades will be in this part of the world (World Bank, 2000). China, for example, overtook the United States as the world's largest academic system in 2005, although it enrolls under 20 percent of the relevant age group. The biggest chunk of developing countries is found in the African continent, where access to higher education is still to impact meaningful changes in the socio-economic and political development of the societies around those areas.

### 6.1 The Development of Higher Education in Tanzania

Higher Education is a recent phenomenon in Tanzania. Up until 1999, 31 years after its independence from Britain, Tanzania did not have a common conceptualization and a working definition of what constituted higher education. This pointed not only to pitfalls and gaps in the national philosophy to guide the provision and processes of higher education but also to potential operational problems, conflicts and or dissonance with respect to allocation of resources, governance, delivery systems, curricular provisions and the final products of the processes. Tanzania's higher education system has grown from a relatively simple to a complex one. The system has grown from only one institution of higher education ( a university college) in 1961 to more than 140 tertiary training institutions in 1999 (URT, 1999)

University education refers to education given in universities to equip individuals with the necessary mental and intellectual skills to develop them into useful members of the community (Kyllonen, 2012). According to Kyllonen, (2012), university education is valuable for the individual and also beneficial to the development of the economy and the society in general.

On the other hand, University education simply refers to education offered by an institution of Higher education and research. Such institution offers both undergraduate and postgraduate degrees in various fields. Higher education is the top of the education pyramid and determines to a large extent the state of education system of a country, especially its quality (Sanyal;2005).

The prime role of a university is multifaceted. While it aims at creating a quality population with various skills, the end result is economic development. This is to say, university education and economic development are inextricably linked. One of the prerequisites to economic development is quality university education. (Makulilo;2012)

As we have noted, Higher education is education beyond the secondary level, featuring mostly education at the college or university level. It is the study beyond the level of secondary school education. Institutions of higher education include not only colleges and universities but also professional schools in a particular field for example education, laws, medicine, business, engineering etc. At the end of the prescribed course of study a degree, diploma or certificate is awarded.

The National Higher Education Policy (1999) defines Higher education as: “refers to the scope of knowledge and skills imparted within the tertiary level of education. This excludes Primary and Secondary education.

The policy adds: "there are two clearly distinct levels of training institutions in higher education provision, namely, academic full professional training and intermediary professional education and training institutions. These are represented by university and non-university professional training institutions. Each has a clearly delineated mission, objectives and curricular orientation and concentration. Universities are expected to concentrate on Research, Teaching and Public Service or Consultancy. Intermediate institutions of higher education are devoted to Human Resource development through pedagogical mission of teaching, instructing, and career training and role-modeling.

## 6.2 Higher Education Reforms

Higher Education Reforms in Tanzania started as early as Tanzania acquired its independence from British colonial domination in December 9, 1961. At the time of its independence, there was no university education available locally in Tanzania. There was only one institution of higher education -- University College of Dar es Salaam, a constituent college of the London University. The University College of Dar es Salaam became a constituent college of East Africa in 1963, and eventually in 1970, it became an independent university, the University of Dar es Salaam. (Luhanga, 2003)

For the new government, it was even more imperative to reform the higher education since it was thought as an engine for economic growth of the country. The higher education system was expected to produce experts and professionals vital for pushing forward the socio-economic and political development of the country. In order to align the thinking of the scholars with the development vision of the country, the government introduced the policy of Socialism and Self Reliance. Although much of its focus was on availing primary and adult education to all Tanzanians, it still believed the higher education was to be the hub and an engine for development of ideas. It is for this reason the University of Dar es Salaam was established in 1970.

However, proper reforms were initiated with the University of Dar es Salaam (UDSM) in 1988/89 by the Faculty of Engineering (FoE) with view to address a number of issues. FoE embarked on a major review of its activities in order to address the brain drain, improve professional productivity of staff, improve the remuneration of staff, enhance linkages with industry and society at large and enhance and expand research and postgraduate training. The result of this review was setting up a new units and a new organizational structure of the faculty, staff retention at the faculty was improved while enhanced contract research and consultancy services resulted into considerable resource flows to the faculty and its staff through the performance based incentive scheme. (Luhanga, 2003)

The Universities Act No. 7 of 2005 was enacted in 2005 and came into effect in 2006 with the ratification of the law. The Law, among things, came to regulate the Higher Education provision in the URT by guiding the provisions for the establishment, composition and functions of the Commission for Universities, the coordination and rationalization of the types and categories of universities, the promotion and financing of higher education, establishment and governance of universities, and for other related matters. That means the biggest achievement that the law marked was the establishment of the Tanzania Commission for Universities.

University education is very important in Africa, generally and Tanzania in particular. Sifuna and Sawamura (2010) reiterate that university education is of paramount importance for Africa's future. They point out both highly trained people and top-quality research is of great demand in Africa. Institutions in Africa are increasingly unable to absorb the increasing demand of students for higher education. Increasing number of students graduating from secondary schools led to corresponding pressures in the demand for higher education. The current rate of increase in higher education enrollment is doubling in five years - a growth of 15% a year - the fastest in the world.

Among the unresolved challenges are the need to expand tertiary education coverage in a sustainable and equitable way, as well as inequalities of access and outcomes, in relation to gender, ethnic groups and geographic coverage. Graduate level (MSc and PhD) student enrollments are small. The great concern is also in the small enrollment figures in sciences, engineering and technology, and health fields, which are critically needed for innovation, knowledge generation and adaptation and overall national competitiveness. Less than 30% of students in higher education institutions in Sub-Saharan Africa are enrolled in the fields of agriculture, health sciences, engineering and technology and basic and applied sciences.

Following the establishment of the Ministry of Science, Technology and Higher Education in November, 1990 there has been further developments in the higher education sector. Prior to 1990 there were only two public Universities, the University of Dar es Salaam and its constituent Muhimbili University College of Health Sciences and the Sokoine University of Agriculture in Morogoro. The development of higher education system in Tanzania can be traced back to 1960's where at the time of its independence from British Colonial rule in December, 1961, there was no university education available locally in Tanzania. There was only one institution of higher education -- University College of Dar es Salaam, a constituent college of the London University. The University College of Dar es Salaam became a constituent college of East Africa in

1963, and eventually in 1970, it became an independent university, the University of Dar es Salaam. (Luhanga, 2003)

Tanzania has a dual system of post-secondary education with a clear distinction between what is categorized as University education and what is categorized as Non- University education. Non university education institutions train, prepare and produce middle level professionals in different occupations usually not requiring a university degree as a basic entry qualification. Higher education institutions notably universities, university colleges and institutes train high-level personnel for occupations requiring a university degree or equivalent as a basic entry qualification in a profession. Tanzania has instituted a development vision dubbed Vision 2025. It stipulates, among other things that by the year 2025 Tanzania should have a well-educated and learning society, peace, stability and unity, good governance, competitive economy capable of producing sustainable growth and shared benefits and high quality livelihood. In order to meet all these, the vision affirms that higher education is the only driver. Currently there are about 70 universities, university colleges, campuses, centres and institutes offering higher education throughout the country. Religious and private organs are currently building various universities to solve the prevailing problems facing the country.

The expansion of secondary education has had a significant contribution to the increase in Higher Education Institutions, whereby by 2006 there were 30 Universities. This increase was promising on the one hand, as more students could have access into higher Education; but on the other hand, the trend had already brought other concerns for quality of the universities (i.e. programs, teaching staffs) and how to mobilize sustainable financial input to sustain such huge growth of students in our universities.

As indicated at the onset, higher education reforms in Tanzania, the biggest of the five East African countries, which became independent in 1961 as Tanganyika (the name Tanzania was acquired after the union of two countries, Tanganyika and Zanzibar in 1964) as elsewhere in Africa began with the independence. Independence was a moment of excitement, hope and optimism to Tanzania. European rule (colonialism) was considered an obstacle to progress, a barrier to the flowering of local creativity and energy. At the time of independence, it was now expected that Tanzanians could now chart their own cause, rely on their own skills and self-confidence to make a new society. (Samoff: 1983)

However, the outcome at independence was recognition of existing huge problems facing the country and, the higher education sub-sector. Such problems demanded for the first major reforms in the Higher Education. Luhanga (2003) notes: "At the time of its independence from British colonial rule in December, 1961, there was no university education available locally in Tanzania. The newly independent state depended heavily on expatriates to staff the middle and upper cadres of the civil service. This was unacceptable to the young, nationalistic leadership of the new nation and, therefore, an aggressive training program, leading to the Africanization of the workforce, was embarked upon. It is in this context that the University College Dar es Salaam, established in 1961 as a college of the University of London, was born. Many other tertiary level civil service training and technical training institutions were established around the same time. The University College Dar es Salaam became a constituent college of the University of East Africa in 1963 and eventually, in July, 1970, it became an independent university, the University of Dar es Salaam."

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### 6.3 Trends of Higher Education Financing in Tanzania

There lies a thin line between trends of financing and actual development of higher education in Tanzania. It is difficult to talk of one and leave another one untouched. This is so because higher education has been mainly public in ownership as well as in operational control. This assertion is further supported by the URT (1999) observation thus:

"...expenses for higher education, including student's living costs, have been financed by the public budget."

A lot has changed since this view was made, in a National Higher Education Policy document. Prior to this era, as well as before the economic crises of 1970s and 1980s, government expenditure in education, and specifically in higher learning institutions were stable (URT, 1998)

It is worth noting however, the education sector has been an easy target for budget cuts whenever the government has to grapple with the crises because its effects could not be readily felt as compared to other budgets like defence, health, Rural Development etc. Higher Education was the most affected. Two explanations have been given for that. First is the ideology that governed affairs which considered higher education as being an elitist, expensive, extravagant venture for the benefit of the ruling class at the detriment of the peasantry, and the second is the existence of an uneasy relationship between the state and universities, with university staff and students being critical of the government's political and economic policies.

These perceptions had a huge impact on the financing of higher education in Tanzania in the post-independence years. Although the importance of government in financing higher education cannot be watered down, the exercise has been synonymous with cost sharing attempts. Therefore, one way of looking at financing of higher education in Tanzania is by looking at the cost sharing trends. HESLB (2007) defines cost sharing as the shift of at least part or all of higher education costs from the government to beneficiaries, including parents, students and communities.

### 6.3.1 Colonial Era to Independence (1950s -1964)

Cost sharing dates back to 1954 when the Colonial government issued bursaries to poor students. At this time, tuition fees in higher education applied to all students regardless of their socio-economic class or race and the colonial government provided bursaries to students who would not afford higher education (Chatama, 2014). The responsibility of determining students who were in need of bursaries was entrusted to local authorities. The bursaries reached the intended students through the local government and were recovered in full from post-graduation salaries, an exercise conducted by the local authorities (Ishengoma, 2004).

### 6.3.2 The National Service Scheme (1964-1974)

The government introduced the National Service Scheme shortly after independence. In the few years that followed the independence, the government abolished the colonial cost sharing system in favour of the earlier mentioned. This implied Cost Sharing *Sensu Scriptu* had ceased to exist instead the students were supposed to “build the nation”, as Chatama (2004) aptly puts it. This practice demanded all graduates of higher learning institutions (HEIs) to spend six months in the national service. Upon completion of their stint in the National Service, they were guaranteed employment in the public sector where they continued receiving only 40 % of their salary for 18 months. According to Ishengoma (2004) the remaining 60% of the salary was intended to cover for government’s bursary on the graduates during their studies.

### 6.3.2 The Musoma Resolution

The government opted to abolish the previous bursary system and chose to bear all costs of higher education. Consequently, the National Service term was extended from six to 12 months where all HEIs entrants were required to serve the government for two years before joining the institutions. On the other hand, the government started paying tuition fees, student travel costs, off pocket allowances, student union contributions, caution money as well as other higher education allowances. It is also at this stage that students started signing bonds to work with government for “at least five years on graduation” (Ishengoma, 2004)

### 6.3.2 Phase I of the Cost Sharing Policy (1988 - 1994)

The government’s ability to finance higher education was highly affected by the global financial crisis of 1970s and 80s, which was followed suit by the war with Uganda of 1978-1979. These two developments had negative impact on government’s ability to finance higher education. As a result, the government was compelled to alter its policy financing higher education. This period coincided with the government’s decision to bow to the pressure of the International Monetary Fund (IMF) and World Bank conditions as a precursor to the advent of the Structural Adjustment Programs (SAPs).

In 1988, the government endorsed the cost sharing policy as a way of improving her shrinking budget (NHEP, 1999). The formal announcement of the Cost sharing policy was made public in 1992 but its implementation began in the academic year 1992/1993 where students were required to pay for transport, caution money, registration fees, application fees, student union and entry examination fees from their own sources. (MSTHE, 2004)

### 6.3.2 Phase II of the Cost Sharing Policy (1994-2004)

This phase became operational in the academic year 1994/1995. Unique in this phase was the requirement for students to bear their own food, accommodation and out of pocket costs on top of what they had started to pay in the Phase 1 of the policy implementation. This caused development of huge inequalities among the would be beneficiaries of the policy. The government acknowledged the fact that not all students would afford the said costs hence the introduction of the Students’ Loan Scheme. (Chatama, 2014; MSTHE, 2004). This way the eligible and needy students could borrow money from the government the required amount.

### 6.3.2 Phase III of the Cost Sharing Policy (from 2004 to date)

The third phase of Cost Sharing was largely characterized with the establishment of the Higher Education Student’s Loans Board (HESLB). The Board was established under the Act of Parliament number 9 of 2004, which has since then been amended by the Act of Parliament number 9 of 2007 CAP 178. Officially, HESLB

began its operations in July 2005 (HESLB, 2011). Among other things, the law empowers the Board to administer loans to eligible and needy Tanzanian students as well as collect repayment for all loans issued to beneficiaries since 1994 so as to make the scheme sustainable (Ibid.)

## 7. Findings and Discussion

### 7.1 Trend of Enrollment in Higher Education

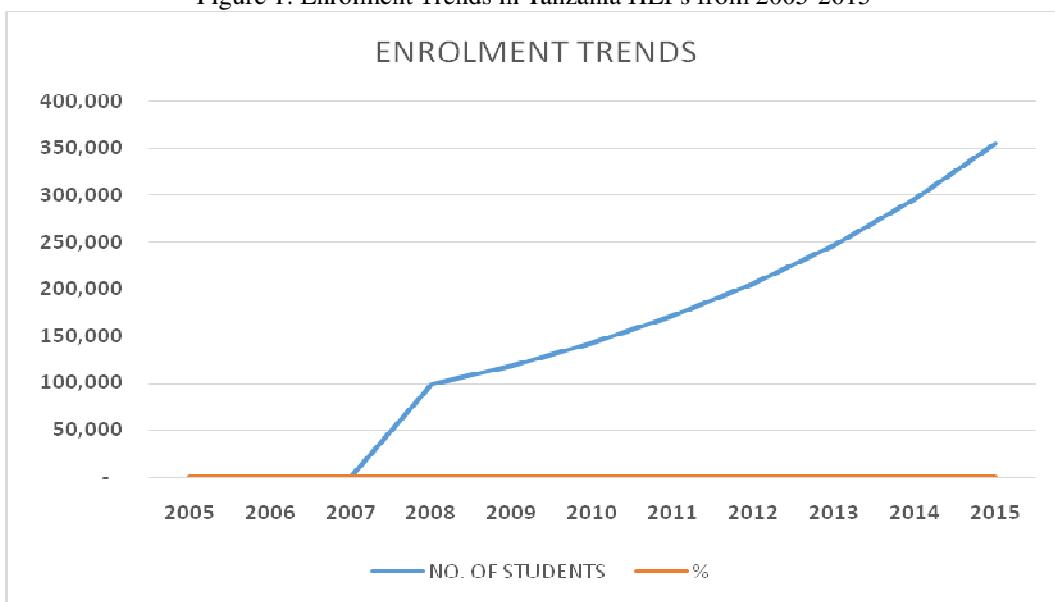
Enrolment trends into the higher education institutions were studied during the 10 year period beginning from 2005, a period which was the focus of this study. Table 1 and Figures 1 and 2 present the state of enrolment into Tanzania's higher learning institutions over that period. The study observed an upward increase from year 2005 where the number of enrolled students shot to 21.7%.

Table 1. Trends of Enrollment in Tanzania's Higher Education Institutions (2005-2015)

ENROLMENT TRENDS			
S/No	YEAR	NO. OF STUDENTS	%
1	2005	-	0
2	2006	-	0
3	2007	-	0
4	2008	98,915	6.1
5	2009	118,698	7.3
6	2010	142,437	8.7
7	2011	170,925	10.5
8	2012	205,110	12.6
9	2013	246,132	15.1
10	2014	295,358	18.1
11	2015	354,430	21.7
TOTAL		1,632,005	100

Source: TCU, ESDP

Figure 1: Enrollment Trends in Tanzania HEI's from 2005-2015

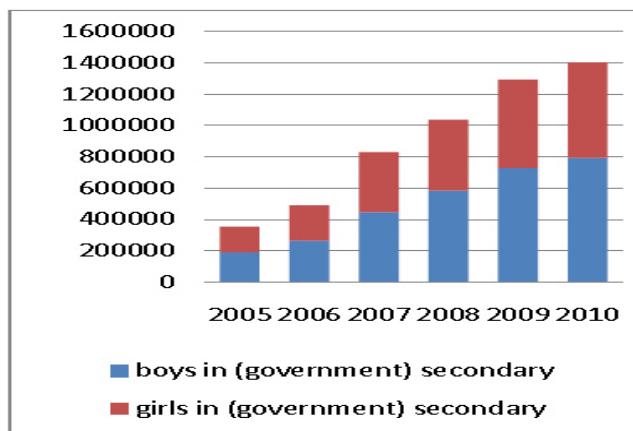


Source: (TCU, 2015; URT, 2015)

A number of developments in the higher education subsector that happened during and around this time,

including the enactment and implementation of the Higher Education Students Loan Board Act of 2004, the Universities Act No. 5 of 2005, they contributed greatly in the growth of enrolment in the higher education institutions in Tanzania. These developments allowed for emergence of privately owned HEIs and avenue for financing higher education through the HELSB.

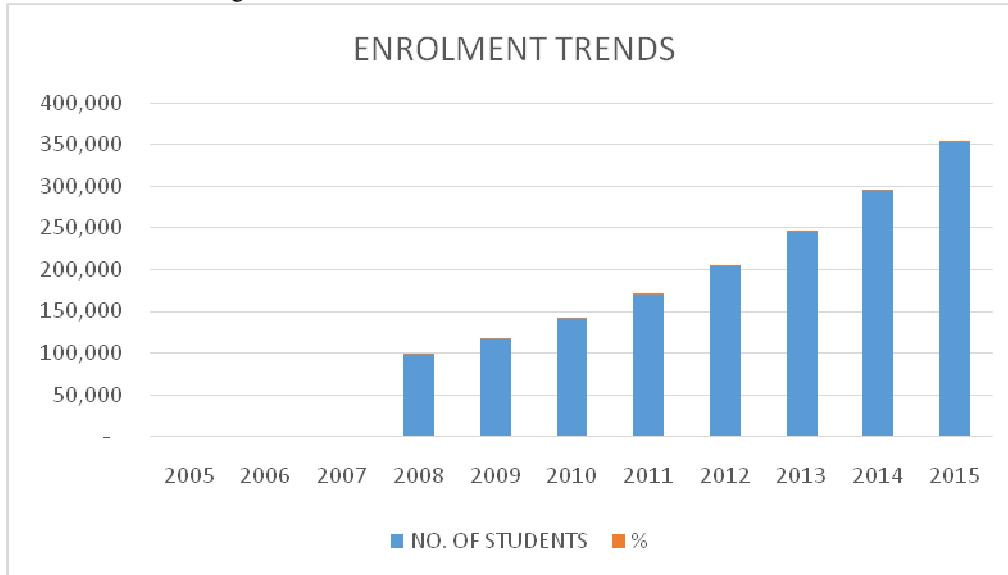
Figure 2: Children in Secondary Schools



Source: ESR, 2010

It can also be observed that the rapid expansion of the enrolment could also be attributed to the rapid expansion of enrolments at primary and secondary education levels. This was a result of implementation of the Primary Education Development Program (PEDP) and Secondary Education Development Program (SEDP). Despite this remarkable development, Tanzania, when compared to other countries in the region, is still lagging behind in enrolment ratios.

Figure 3: Enrolment Trends 2005-2015 in Tanzania HEIs



Source: (TCU, 2015; URT, 2015)

## 7.2 Trend of Budget Fluctuation in Financing Higher Education

The MoEVT Budgets for the period 2005 -2015 were examined for the purpose of showing the trends of financing higher education in Tanzania. Table 2 and Figures 4 and 4 capture these trends aptly.

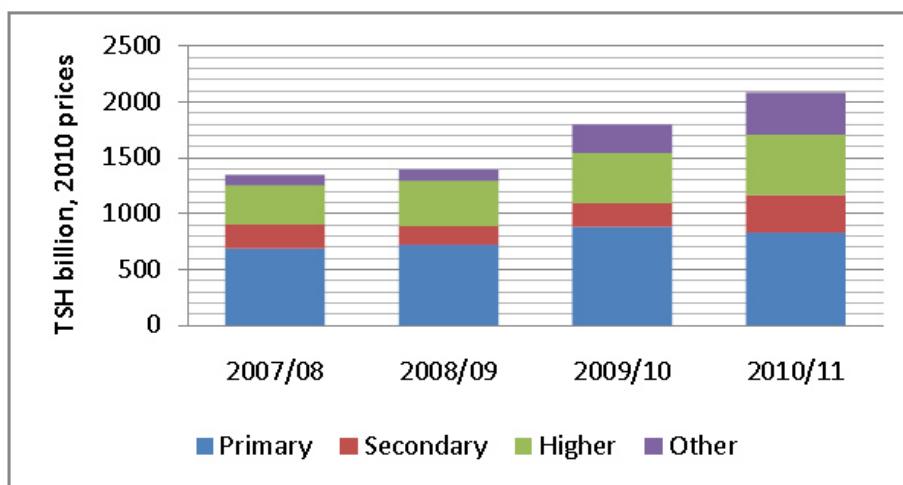
Table 2: MoEVT Budget (2005-2015) in Tshs. Billion

S/NO	BUDGET YEAR	GENERAL OC	DEVELOPMENT	OTHERS	TOTAL
1	2005/2006	111.10	29.90	139.60	280.60
2	2006/2007	133.90	105.70	-	239.60
3	2007/2008	240.00	47.30	-	287.30
4	2008/2009	397.90	129.60	-	527.50
5	2009/2010	377.90	129.80	139.60	647.30
6	2010/2011	72.00	453.90	452.00	977.90
7	2011/2012	71.80	135.50	92.80	300.10
8	2012/2013	936.40	535.50	72.60	1,544.50
9	2013/2014	98.70	518.10	454.80	1,071.60
10	2014/2015	93.30	250.90	478.70	822.90
11	2015/2016	109.20	401.90	-	511.10
12	TOTAL	2,642.20	2,738.10	1,830.10	7,210.40

Source: Field Study

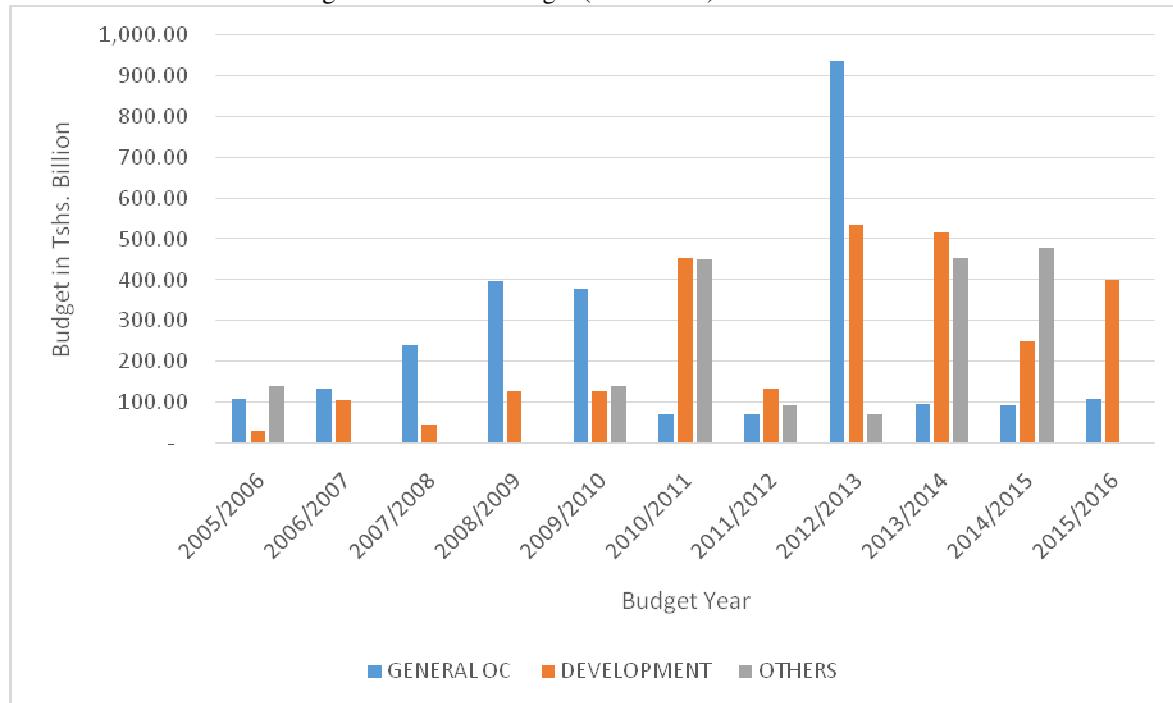
Although the findings indicated budget allocation for the MoEVT for the 2005 -2015 was increasing, it was not until year 2012/13 that the MoEVT budget peaked to 23.1% (Tshs. Billion 1544.5). The findings clearly showed the allocation of the grew from 4.2% (280.60 Tshs. Billion) in 2005 to 12.2% (822.90 Tshs Billion) of total budget allocation for the period.

Figure 4. Public Spending by Sub Sector



Source: ESR, 2010

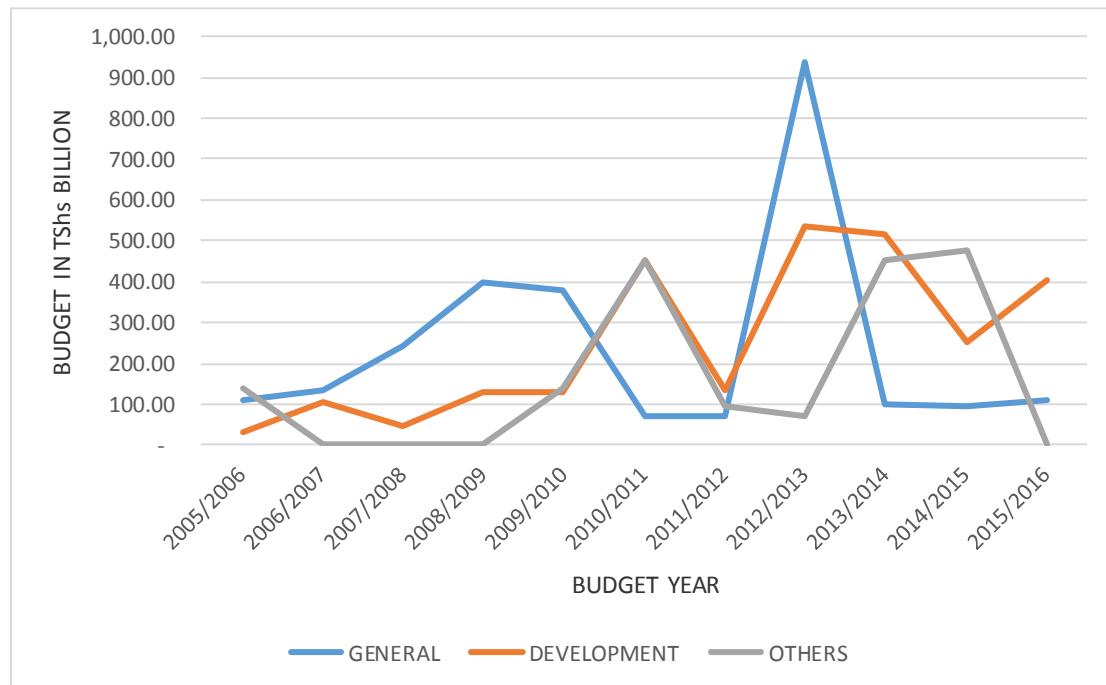
Figure 5. MoEVT Budget (2005-2015) in TShs. Billion



Source: Field Study

This observation can be attributed to the reforms in the higher education sub sector. Until 2005, the higher education sub sector was under the Ministry of Science Technology and Higher Education (MSTHE), which was later merged with the Ministry of Education and Culture to form the Ministry of Education and Vocational Training (MoEVT). This change, from a full-fledged ministry to a Directorate in another ministry, had a huge impact on the financing of the higher education.

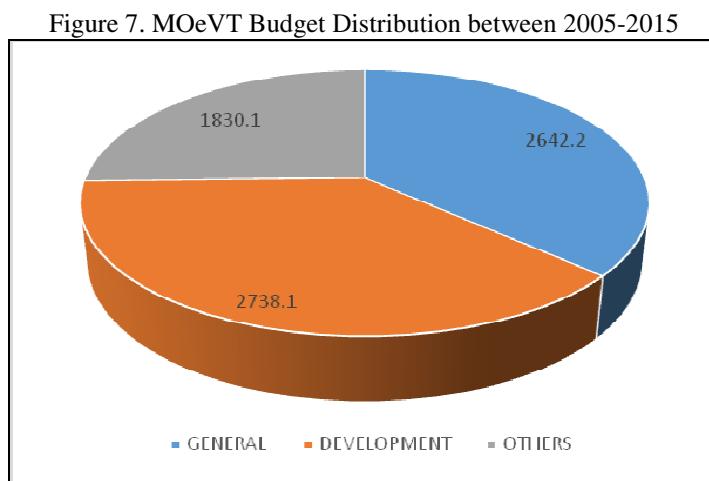
Figure 6. MoEVT Budget (2005-2015) IN Tshs Billion



Source: Field Study

Figure 6 shows the proportional distribution of the education sub-sector budget among the budget lines. The budget lines have been named General, Development and Others. By General, the budget stands for the

Recurrent Budget. It was observed that although there was a significant increase in the budget that was allocated to Development, which stood at 38% (Tshs. Billion 2738.1), much of the allocation went to the General (Recurrent Budget at 2642.2) which was 36.6% of the total budget allocation for the sub-sector. The Other's category settled at 25.4% (Tshs Billion 1830.1)



Source: Field Study

### 7.3 Trend of Actual Education Expenditure as a Proportion of GDP

The findings have indicated there has been a significant increase in the government expenditure on the Education sub sector in the said time frame as a whole although a critical look indicates the higher education has suffered. Tanzania spent an average of 4.04% of its GDP on the sub sector between 2005 -2015.

Table 3. Education Expenditure as % of GDP

S/No	Year	%
1	2005	4.61
2	2006	3.27
3	2007	4.04
4	2008	4.04
5	2009	4.25
6	2010	4.04
7	2011	4.62
8	2012	0
9	2013	0
10	2014	3.48
11	2015	0

Source: UNESCO,2012

The increase can be attributed to the stable economic performance of the country during the decade under study averaging to 7% where no major economic or financial crises had affected the country's economy. However, a keen observer might also attribute the increase in allocation to the merging of the ministries of Science, Technology and Higher Education and Education and Culture to get the MoEVT.

Figure 8: Education Expenditure as Percentage of GDP



Source: UNESCO,2012

## 8. Conclusions

The key objective of this study was to examine the *significance of the trends of enrollment, budget and actual expenditure in the examination of Higher Education in Tanzania to sustainable human capital investment* with view to developing an effective model for financing higher education in Tanzania. Results have indicated that there is an increase in enrolment into the HEIs, where enrollment increased from 98,915 students in 2008 (6.1%) to 354,430 students (21.1%) in 2015. This implies in less than a decade the higher education sector in Tanzania recorded a 15% increase in students enrollment (URT, 2008) This could be a result of widening access at the lower levels of primary and secondary school but as well as provision of the mechanism for financing higher education. The significance of this trend on enrollment lies in the fact that it responds, almost spontaneously, to the slight changes in the higher education sector, be it reforms or simple increase in the budgetary allocation to the higher education sector.

On the other hand, the findings have indicated that financing of higher education in Tanzania had been fluctuated vastly in the 2005-2015 time line. This is in line with the thinking that Galabawa (1994) suggested about higher education financing being in a continuum with two extremes of wholly government funding on the one and totally private financing on the other. Financing of higher education in Tanzania in the said time scale fluctuated between the two extremes with a slight departure from the first extreme of complete government financing of higher education to the middle of the continuum where both the government and the market have a role to play in the financing of higher education.

Furthermore, in terms of trend of the actual education expenditure as a proportion of GDP in Tanzania, the findings have indicated that higher education expenditure as a proportion of GDP continued to rise in the said period, where it grew from 3.27 in 2006 to 4.67 in 2011. According to URT(2008) the total education cost at 2015 stood at 3,852,291,000,000.00 (or 3.9 Billion Tshs) from 1,342,546,000,000.00 (or 1.34 Trillion Tshs) in 2008. Higher Education financing was 1,156,791,000,000.00 (or 1.2 Trillion Tshs) in 2008 to 1,075,094,000,000.00 (1Trillion Tshs) in 2015. This implies there has been a slight reduction in the volume (amount) of financing to higher education.

Despite these remarkable developments, there still lies a huge funding gap for the entire education sub sector and higher education in particular. The total education sector financing gap was 1,342,997,000,000.00 (or 1.34 Trillion Tshs) in 2015 from 1,342,546,000,000.00 (1.34 Trillion Tshs) in 2008. There was no significant reduction in the financing gap. Although the government is still the sole financier of the higher education, it is high time financing of higher education be recontextualized to allow more needy students to access higher education but also sustain the funding of higher education. The findings have also indicated that up to 2014/15, the HESLB loans to 143,281 students of higher learning institutions worth 1, 739,953,635,264.00 (or 1.74 Trillion Tshs) since its inception. This amount does not include 51,103,685,914.00 (51.1 Billion Tshs) which were issued from 1994 by the Ministry of Science Technology and Higher Education (MSTHE) prior to the establishment of the Board. (HESLB, 2015) The trends have only depicted an upward trend of financing higher education but they have not dissected the funding trends qualitatively. In order for a sustainable and increasing funding mechanism to exist, there should be in place an equally sustainable mechanism of re-financing the government's funding institutions.

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